



Analysis of the Real Estate Credit Portfolio and Market in Colombia - Special Financial Stability Reports - First Half 2022

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The Financial Stability Special Reports accompany the publication of the Financial Stability Report and provide a more detailed analysis of some aspects and risks relevant to the stability of the Colombian financial system: market liquidity risk, market risk, credit risk, financial burden, loan portfolio, and housing market in Colombia, international indicators, concentration, and competition in the deposit and credit markets, corporate sector surveys, and financial inclusion.

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This special report analyzes the combined dynamics of the real estate market in Colombia and its credit portfolio with the purpose of identifying potential sources of risk that could affect economic and financial stability. In particular, the behavior of variables associated with the sector, its financing, supply and demand levels, and real estate prices, among others, are studied.

The results show that the supply of new housing units continued its downward trend, while demand, despite decelerating, continued to expand at positive real rates. This contributed to the fact that prices, after controlling for property characteristics, continued to grow in real terms. The above scenario has been accompanied by an upward interest rate cycle and lower dynamics in credit disbursements for home acquisition, in line with a lower willingness to purchase these type of assets..